



October 3, 2005

Mr. David Ikari, Chief
Dairy Marketing Branch
California Department of
Food and Agriculture
1220 N Street
Sacramento, CA 95814

Dear Mr. Ikari:

Our Board of Directors on September 27, 2005, approved a motion to petition the California Department of Food and Agriculture to hold a public hearing to increase transportation credits pursuant to Section 300.2 of the Stabilization and Marketing Plan for Market Milk and transportation allowances pursuant to Section 921.2 of the Milk Pooling Plan for Market Milk.

Escalating diesel fuel costs could jeopardize orderly milk movement within the State and the last adjustments on October 1, 2004, are inadequate to cover our increased cost to supply Class I markets.

Specifically, we are requesting the following changes:

I Section 300.2 of the Stabilization and Marketing Plan

<u>Designated Supply County</u>	<u>Maximum Deduction Per CWT.</u>	<u>Designated Deficit Counties</u>
Los Angeles County	\$0.36	Orange, Riverside, San Diego or Ventura Counties
Tulare County	\$0.73	Los Angeles, Orange, or Ventura Counties
Tulare County	\$0.81	Riverside or San Diego Counties

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Mr. David Ikari
Page 2

<u>Designated Supply County</u>	<u>Maximum Deduction Per CWT.</u>	<u>Designated Deficit Counties</u>
Fresno and Kings Counties	\$0.76	Los Angeles, Orange or Ventura Counties
Fresno and Kings Counties	\$0.84	Riverside or San Diego Counties

II Section 921.2 of the Milk Pooling Plan

- (a) For plants located in the Bay Area receiving area, which shall consist of the counties of Alameda, Contra Costa, Santa Clara, Santa Cruz, San Francisco, and San Mateo:
- (1) From zero through 99 miles \$0.27 per CWT
- (e) For plants located in the Southern California receiving area, which shall consist of the counties of Los Angeles, Orange, Riverside and Ventura:
- (1) For milk shipments from Santa Barbara, San Diego, Imperial, Kern, Tulare, Kings and Fresno Counties:
- a. From zero through 89 miles \$0.12 per CWT
- Over 89 miles through 109 miles \$0.32 per CWT
- Over 109 through 139 miles \$0.53 per CWT
- Over 139 miles \$0.72 per CWT
- (2) For milk shipments from all other areas:
- a. From zero through 89 miles \$0.12 per CWT
- b. Over 89 Miles \$0.32 per CWT
- (f) For plants located in the San Diego receiving area, which consist of the County of San Diego:
- (1) From zero through 89 miles \$0.12 per CWT

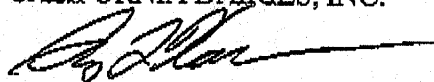
Mr. David Ikari
Page 3

If a hearing is granted from this request, any adjustments to the above will be addressed through an alternate proposal to incorporate any diesel fuel changes from current levels.

Thank you for considering our request for a hearing.

Sincerely,

CALIFORNIA DAIRIES, INC.



Gary L. Korsmeier
Chief Executive Officer

GLK:mp

Changes proposed by California Dairies, Inc petition dated October 3, 2005 to the Stabilization and Marketing Plans for Northern (Plan #46) and Southern (Plan #61) California are highlighted:

Section 300.2. Each handler located in counties designated herein as a supply county may deduct from the applicable minimum prices pursuant to Section 300.0, Paragraph (A), a transportation credit for quantities of market milk, market skim milk, and condensed skim milk shipped in bulk form to a plant located in a designated deficit county. Shipments of market cream are excluded from such transportation credits. However, only for the three months of August, September and October 2003, shipments of condensed skim milk are excluded from such transportation credits. Such deduction shall not exceed the amounts shown for such bulk transfers in the following schedule:

Designated Supply County	Maximum Deduction Per Cwt.	Designated Deficit Counties
Los Angeles County	\$0.34 \$0.36	Orange, Riverside, San Diego, or Ventura Counties
Tulare County	\$0.60 \$0.73	Los Angeles, Orange or Ventura Counties
Tulare County	\$0.68 \$0.81	Riverside or San Diego Counties
Fresno and Kings Counties	\$0.63 \$0.76	Los Angeles, Orange or Ventura Counties
Fresno and Kings Counties	\$0.71 \$0.84	Riverside or San Diego Counties
Sonoma County	\$0.27	Alameda, San Francisco or Santa Clara Counties
Merced County and that portion of Stanislaus County lying south of the standard parallel between Township 3 South and Township 4 South, Mount Diablo Meridian	\$0.38	Alameda, San Francisco or Santa Clara Counties

Changes proposed by California Dairies, Inc petition dated October 3, 2005 to the Milk Pooling Plan are highlighted, deletions are stricken:

Section 921.2 Transportation allowances shall be calculated on the constructive miles from the dairy farm to the location of the plant of first receipt, subject to Sections 921 and 921.1, and shall apply to all pool milk.

The following rates shall be utilized in calculation of the allowances:

- (a) For plants located in the Bay Area receiving area, which shall consist of the counties of Alameda, Contra Costa, Santa Clara, Santa Cruz, San Francisco, and San Mateo:

(1)	From zero through 99 miles	\$0.25 0.27 per CWT
	Over 99 miles through 199 miles	\$0.29 per CWT
	Over 199 miles	\$0.30 per CWT

- (b) For plants located in the Sacramento receiving area, which shall consist of the County of Sacramento:

(1)	From zero through 59 miles	\$0.13 per CWT
	Over 59 miles	\$0.16 per CWT

- (c) For plants located in the Shasta receiving area, which shall consist of the County of Shasta:

(1)	From zero through 29 miles	\$0.13 per CWT
	Over 29 miles through 49 miles	\$0.16 per CWT
	Over 49 miles	\$0.19 per CWT

- (d) For plants located in the North Bay receiving area, which shall consist of the counties of Marin, Solano, and Sonoma:

(1)	From zero through 44 miles	\$0.18 per CWT
	Over 44 miles through 99 miles	\$0.25 per CWT
	Over 99 miles	\$0.29 per CWT

- (e) For plants located in the Southern California receiving area, which shall consist of the counties of Los Angeles, Orange, Riverside and Ventura:

(1)	From zero through 89 miles	\$0.10 per CWT
	Over 89 miles through 120 miles	\$0.29 per CWT
	Over 120 through 139 miles	\$0.48 per CWT
	Over 139 miles	\$0.62 per CWT

- (1) For milk shipments from Santa Barbara, San Diego, Imperial, Kern, Tulare, Kings and Fresno Counties:

From zero through 89 miles	\$0.12 per CWT
Over 89 miles through 109 miles	\$0.32 per CWT
Over 109 through 139 miles	\$0.53 per CWT
Over 139 miles	\$0.72 per CWT

- (2) For milk shipments from all other areas:

From zero through 89 miles	\$0.12 per CWT
Over 89 miles	\$0.32 per CWT

- (f) For Plants located in the San Diego receiving area, which consist of the County of San Diego:

(1)	From zero through 89 miles	\$0.40 0.12 per CWT
	Over 89 miles through 139 miles	\$0.43 per CWT
	Over 139 miles	\$0.58 per CWT